

AMENDED IN SENATE MAY 23, 2014

AMENDED IN ASSEMBLY MARCH 27, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 2472

Introduced by Committee on Public Employees, Retirement and Social Security (Bonta (Chair), Rendon, Ridley-Thomas, and Wieckowski)

February 21, 2014

An act to amend Sections 20096, 20340, 20533, 21074, 21075, 21453, 21499, ~~and 75552~~ 75070, 75079, 75552, *and* 75570 of, to add Section 75580.5 to, and to repeal Sections 20237 and 22849 of, the Government Code, relating to public employee benefits.

LEGISLATIVE COUNSEL'S DIGEST

AB 2472, as amended, Committee on Public Employees, Retirement and Social Security. Public employees: retirement and health benefits.

(1) The Public Employees' Retirement Law (PERL) creates the Public Employees' Retirement System (PERS), which provides a defined benefit to its members based on age at retirement, service credit, and final compensation. Existing law vests the management and control of the PERS in the Board of Administration of the PERS. Existing law ~~requires~~ *provides that the membership of the board includes 6 members elected under the supervision of the board. Existing law requires the board to distribute ballots to each member of the retirement system in advance of each election, the results of which are required to be certified by the Secretary of State.*

This bill would instead require the Executive Officer of PERS to certify the results of the election.

(2) *Existing law requires* the board, in addition to any other reports it is required to make, to annually file a separate report with the Governor and the Legislature on all matters under its jurisdiction.

This bill would repeal that requirement and make other conforming changes.

(3) *Existing law specifies that a person ceases to be a member of PERS if the person has less than 5 years of service credit and no accumulated contributions in the retirement fund at the time of termination of service, as specified.*

This bill would provide that a member who is subject to specified provisions also ceases to be a member of PERS if the person has less than 10 years of service credit and no accumulated contributions in the retirement fund at the time of termination of service, and would make related conforming changes.

(4) *Existing law provides that a state member who is subject to specified provisions shall be retired for service upon written application to the board if he or she has attained 50 years of age and is credited with 5 years of state service.*

This bill would provide that a state member who is subject to other specified provisions shall be retired for service upon written application to the board if he or she has attained 52 years of age and is credited with 5 years of state service.

~~(2)~~

(5) Existing law provides that if a correction of the amount of compensation received by a member that is reported to the system requires additional employer contributions to be paid to the system, the contributions shall be computed using the employer rate in effect at the time of the adjustment.

This bill would instead provide that the employer contribution shall be computed using the employer contribution rate in effect at the time that the compensation requiring adjustment was earned.

~~(3)~~

(6) Existing law requires that an election, revocation, or change of retirement benefits be made prior to the making of the first payment on account of any retirement allowance, or any retirement allowance following a change in retirement status.

This bill would allow an election, revocation, or change of election to be made within 30 calendar days after the making of the first payment.

~~(4)~~

(7) Existing law requires the board to conduct a study to examine the feasibility and cost-effectiveness of creating a single statewide health care pool that would cover all public school employees.

This bill would repeal that requirement.

~~(5)~~

(8) Existing law establishes the Judges' Retirement System II which provides retirement benefits to elected judges. Existing law ~~provides~~ *authorizes a judge to elect, revoke, or change a previous election of benefits in a writing filed with the system prior to the making of the first payment on account of the retirement allowance.*

This bill would require those authorized elections, revocations, and changes to be made within 30 calendar days after the making of the first payment.

(9) Existing law provides that if a retired judge becomes entitled to any salary for assignment to a court by the Chairperson of the Judicial Council after retirement for disability, the retirement allowance otherwise payable pursuant to the Judges' Retirement System II Law shall, during the time he or she is entitled to receive that salary or other compensation, be reduced by the amount of that salary or compensation.

This bill would require, except as provided, a person who is retired for service or disability under the system to reinstate from retirement and again become a member of the system if he or she is appointed or elected to serve as a judge.

~~(6)~~

(10) The bill would make other conforming, and technical, nonsubstantive changes.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 20096 of the Government Code is
2 amended to read:
3 20096. The board shall cause ballots to be distributed to each
4 ~~eligible~~ active and retired member of the ~~system~~ retirement system
5 in advance of each election, and shall provide for the return of the
6 voted ballots to the board without cost to the member, and shall
7 develop election procedures. The results shall be certified by the
8 ~~Secretary of State~~ executive officer of the retirement system. The
9 board may require all persons who perform election duties to

1 certify, under penalty of perjury, that they properly performed
2 those duties.

3 ~~SECTION 1.~~

4 *SEC. 2.* Section 20237 of the Government Code is repealed.

5 *SEC. 3.* *Section 20340 of the Government Code is amended to*
6 *read:*

7 20340. A person ceases to be a member:

8 (a) Upon retirement, except while participating in reduced
9 worktime for partial service retirement.

10 (b) If he or she is paid his or her normal contributions, unless
11 payment of contributions is the result of an election pursuant to
12 paragraph (1) of subdivision (b) of Section 21070, or unless, after
13 reducing the member's credited service by the service applicable
14 to the contributions being withdrawn, the member meets the
15 requirements of Section 21075 or if he or she is paid a portion of
16 his or her normal contributions where more than one payment is
17 made, or these contributions are held pursuant to Section 21500.
18 For the purposes of this subdivision, deposit in the United States
19 mail of a warrant drawn in favor of a member, addressed to the
20 latest address of the member on file in the office of this system,
21 electronic fund transfer to the person's bank, savings and loan
22 association, or credit union account, constitutes payment to the
23 person of the amount for which the warrant is drawn or
24 electronically transferred.

25 (c) If the member has less than five years of service ~~credit~~ *credit*,
26 *or less than 10 years of service credit if the member is subject to*
27 *Section 21076 or 21076.5*, and no accumulated contributions in
28 the retirement fund at the time of termination of service, unless
29 the member establishes membership in the Judges' Retirement
30 System, the Judges' Retirement System II, the Legislators'
31 Retirement System, the State Teachers' Retirement System, or the
32 University of California Retirement Plan, or establishes reciprocity
33 with a reciprocal retirement system.

34 ~~SEC. 2.~~

35 *SEC. 4.* Section 20533 of the Government Code is amended
36 to read:

37 20533. The employer contribution rate adopted under this part,
38 or because of amendments to the contract or to this part, apply to
39 all compensation upon the basis of which member's contributions

1 are deducted after those employer contribution rates became or
2 become effective.

3 If correction of the amount of compensation reported is required,
4 the employer contributions shall be computed using the employer
5 contribution rate in effect at the time that the compensation
6 requiring adjustment was earned.

7 *SEC. 5. Section 21074 of the Government Code is amended to*
8 *read:*

9 21074. (a) A state member who became subject to the Second
10 Tier shall be retired for service upon his or her written application
11 to the board if he or she has attained age 55 and is credited with
12 10 years of state service.

13 (b) A state member who elected coverage under Section 21077,
14 shall be retired for service upon his or her written application to
15 the board if he or she has attained ~~age 50~~ *years of age if subject*
16 *to Section 21076, or 52 years of age if subject to Section 21076.5,*
17 and is credited with five years of state service. No benefit shall be
18 payable for service rendered under the Second Tier retirement
19 formula unless the member has rendered 10 years of state service
20 except as provided in subdivision (c).

21 (c) Notwithstanding subdivision (a) or (b), a state member in
22 the Second Tier who is credited with five years of state service
23 prior to January 1, 1985, may retire with less than 10 years of state
24 service upon his or her written application to the board if he or she
25 has attained age 50.

26 *SEC. 6. Section 21075 of the Government Code is amended to*
27 *read:*

28 21075. Notwithstanding Section 20340, a person who is subject
29 to ~~Section 21076~~ *21076, 21076.5, or Section 21077* ceases to be
30 a member if he or she has less than 10 years of service credit *and*
31 *no accumulated contributions in the retirement fund* at the time
32 of termination of service, except a member who had five years of
33 credited service prior to January 1, 1985.

34 ~~SEC. 3.~~

35 *SEC. 7. Section 21453 of the Government Code is amended*
36 *to read:*

37 21453. An election, revocation, or change of election shall be
38 made within 30 calendar days after the making of the first payment
39 on account of any retirement allowance or, in the event of a change
40 of retirement status after retirement, within 30 calendar days after

1 the making of the first payment on account of any retirement
2 allowance following the change in retirement status. “Change in
3 retirement status” includes, but is not limited to, change from
4 service to disability retirement, from disability retirement to service
5 retirement, from nonindustrial disability retirement to industrial
6 disability retirement, or from industrial to nonindustrial disability
7 retirement.

8 For purposes of this section, payment shall be deemed to have
9 been made on the date a warrant is mailed, or the date funds are
10 electronically transferred to a bank, savings and loan association,
11 or credit union account for deposit in the member’s account.

12 This section shall not be construed to authorize a member to
13 change his or her retirement status after the election, revocation,
14 or change of election provided in this section.

15 ~~SEC. 4.~~

16 *SEC. 8.* Section 21499 of the Government Code is amended
17 to read:

18 21499. (a) Notwithstanding Section 21498, when either an
19 initial payment of a preretirement or postretirement death allowance
20 or a preretirement or postretirement lump-sum benefit is payable
21 in an amount of ten dollars (\$10) or more, it shall be authorized
22 to the Controller within 45 days of receipt by this system of all the
23 necessary information, including the return of warrants issued or
24 any overpayment outstanding after the date of the death of the
25 annuitant.

26 (b) If any payment is not made within that time limitation, the
27 payment shall also include interest at the greater of the interest
28 crediting rate specified in Section 20178 or the net earnings rate
29 (including capital gains and losses) in effect at the time the payment
30 is made, for time following the expiration of that time limitation.

31 ~~SEC. 5.~~

32 *SEC. 9.* Section 22849 of the Government Code is repealed.

33 *SEC. 10.* *Section 75070 of the Government Code is amended*
34 *to read:*

35 75070. In lieu of the retirement allowance for his life alone, a
36 judge may elect, or revoke or change a previous election prior to
37 the approval of the previous election, to have the actuarial
38 equivalent of his retirement allowance as of the date of retirement
39 applied to a lesser retirement allowance, in accordance with one
40 of the optional settlements specified in Section 75071.

1 That election, revocation, or change of election shall be made
2 by a writing filed with the Judges' Retirement System ~~prior to~~
3 *within 30 calendar days after* the making of the first payment on
4 account of any retirement allowance.

5 *SEC. 11. Section 75079 of the Government Code is amended*
6 *to read:*

7 75079. (a) When a judge elects and becomes entitled to receive
8 the benefits accorded by this article, he or she does not have the
9 right to select an optional settlement under the provisions of Article
10 3.5 (commencing with Section 75070) of this chapter.

11 (b) When a judge becomes entitled on and after January 1, 1987,
12 to receive the benefits accorded by this article, the judge may
13 instead elect an actuarially reduced retirement allowance payable
14 for life and if the judge dies before he or she receives the amount
15 of his or her accumulated contributions at retirement, the remaining
16 unpaid amount of his or her accumulated contributions shall be
17 paid to his or her designated beneficiary, if he or she has so
18 designated, and if none, to his or her estate.

19 The election shall be made in writing and filed with the Judges'
20 Retirement System ~~prior to~~ *within 30 calendar days after* the
21 making of the first payment on account of any retirement
22 allowance.

23 (c) The surviving spouse of a judge who qualifies, as prescribed
24 in Section 75075, to receive the benefits accorded by Section 75076
25 but who elected to receive the actuarially reduced retirement
26 allowance as provided in subdivision (b) and who dies during
27 retirement shall receive, until death, an allowance equal to one-half
28 of the retirement allowance that would have been payable to the
29 judge if he or she were living and had elected to receive the benefits
30 accorded by Section 75076.

31 ~~SEC. 6.~~

32 *SEC. 12. Section 75552 of the Government Code is amended*
33 *to read:*

34 75552. (a) After payment of a portion of the member's
35 contributions to a nonmember pursuant to subdivision (b) of
36 Section 75551, the member may redeposit the full amount in the
37 fund at any time before he or she retires or otherwise leaves judicial
38 office. The redeposit shall include interest at the rate of interest
39 then being required to be paid by members of the Public
40 Employees' Retirement System under Section 20750 from the date

1 of payment to the date of redeposit. A partial redeposit shall not
2 be accepted.

3 (b) After payment of a portion of the member's monetary credits
4 to a nonmember pursuant to subdivision (c) of Section 75551, the
5 member may redeposit the full amount in the fund at any time
6 before he or she retires or otherwise leaves judicial office. The
7 redeposit shall include interest at the greater of: (1) the rate of
8 interest then being required to be paid by members of the Public
9 Employees' Retirement System under Section 20750 from the date
10 of payment to the date of redeposit; or (2) the compounded amounts
11 that would have been credited to the member's monetary account
12 pursuant to subdivision (b) of Section 75520 had the payment not
13 been made to the nonmember. A partial redeposit shall not be
14 accepted.

15 *SEC. 13. Section 75570 of the Government Code is amended*
16 *to read:*

17 75570. (a) In lieu of the retirement allowance under
18 subdivision (d) of Section 75522 for his or her life alone, a judge
19 who elects to retire with a monthly allowance under subdivision
20 (d) of Section 75522 may elect, or revoke or change a previous
21 election prior to the approval of the previous election, to have the
22 actuarial equivalent of his or her retirement allowance as of the
23 date of retirement applied to a lesser retirement allowance, in
24 accordance with one of the optional settlements specified in Section
25 75571.

26 (b) That election, revocation, or change of election shall be
27 made by a writing filed with the system ~~prior to~~ *within 30 calendar*
28 *days after* the making of the first payment on account of any
29 retirement allowance.

30 ~~SEC. 7.~~

31 *SEC. 14. Section 75580.5 is added to the Government Code,*
32 *to read:*

33 75580.5. (a) Except as provided in subdivision (b), if a person
34 who is retired for service or disability under this system is
35 appointed or elected to serve as a judge, he or she shall reinstate
36 from retirement and again become a member of the system pursuant
37 to this chapter.

38 (b) This section shall not apply to a retired judge who is assigned
39 to serve in a court pursuant to Section 68543.5, and he or she shall

- 1 not earn service credit or be entitled to retirement benefits under
- 2 this part for that service.

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